

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
JULY 17 and JULY 18, 1995
CHICAGO, ILLINOIS**

A Regular Meeting of the Illinois Gaming Board was held on July 17 & 18, 1995 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Gayl S. Pyatt, J. William Roberts, and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey and Thomas Swoik, William O'Connor Legal Counsel to the Board, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 2:00 p.m. on July 17, 1995 and the Board immediately adjourned to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matter:

1. Issues Concerning Applicants And Licensees.

The motion was approved unanimously by voice vote and the Board retired to Closed Session at 2:02 p.m.

The Board reconvened in Closed Session at 9:00 a.m. on July 18, 1995, to discuss the following subject matters:

1. Issues Concerning Applicants and Licensees
2. Recommendations of Administrative Law Judges
3. Pending and Probable Litigation Matters
4. Personnel Matters
5. Closed Session Minutes

The Illinois Gaming Board reconvened in Open Session at 12:04 p.m. on July 18.

Member Browder moved that the minutes from the open and closed sessions of the Regular Meeting of June 20, 1995 be approved. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

The next order of business was the Administrator's Report.

Administrator Belletire introduced Mareile Cusack, the newly hired Chief Legal Counsel to the Board.

The Administrator next reported that Adjusted Gross Receipts for June were \$94.7 million, with Elgin Riverboat Resort recording the highest AGR total among licensees. For the second successive month, the number of individuals who had been requested for identification increased. Nearly, 2,000 person were turned away for not having proper identification.

The Administrator noted that the Indiana Gaming Commission announced preliminary licensure approval for two licenses in southeastern Indiana. Two companies with Illinois roots were granted the awards. He further stated that the Alton Belle is up for renewal again in October, 1995 and discussed the use of a draft rule, on ownership renewal, to deal with this issue.

The Administrator reported that Circus Circus, part owner of the Elgin Riverboat Casino, indicated that they had withdrawn their status as being preliminarily suitable for a riverboat license in Chalmette, Louisiana.

The next order of business was Items Concerning Owner Licensees.

John Costello, representing the Empress River Casino, appeared and requested approval for the transfer of ownership of 75 shares of stock (6.5% of the total outstanding shares) owned by members of the Krug family.

Member Pyatt moved that the Board approve the transfer of ownership interest in Empress River Casino Corporation from three Empress shareholders to the remaining shareholders. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Mr. Costello also requested approval for a proposed 102 room hotel costing approximately \$5 million. The Administrator stated that the proposal was evaluated at staff level and Board approval was not needed. Chairman Johnson concurred.

Mr. Costello further requested approval for the renewal of a \$1 million line of credit. Member Pyatt moved that the Board approve Empress' request to renew a one million dollar line of credit with First National Bank of Lockport. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

John Janicik, representing Casino Queen, Inc., requested approval to renew and increase its line of credit with Harris Bank.

Member Roberts moved that the Board approve Casino Queen's request to renew and increase a line of credit with Harris Trust & Savings from \$1.2 million to \$5 million. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Mr. Janicik also requested approval of Michael Growney to be a member of the Board of Director's of Casino Queen. Member Vickrey moved that the Board approve

Michael Growney as a member of the Board of Directors of Casino Queen, Inc. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business was Proposals for Initial Consideration.

Donna More, representing the Casino Rock Island, requested the approval of a tax abatement plan between the Casino Rock Island and the city of Rock Island. Ms. More stated that the Rock Island City Counsel passed an ordinance encompassing the points submitted to the Board and will approve this tax abatement plan at their July 24, 1995 meeting.

Member Vickrey moved that the Board waive its two meeting rule to consider the agreement between Casino Rock Island and the city of Rock Island. Member Roberts seconded the motion. The motion was approved unanimously by voice vote.

Administrator Belletire further commented that the City of Rock Island is in a position to legally commit to this abatement plan, noting that Casino Rock Island ("CRI") must first remit all taxes to the state. The Administrator also referenced correspondence from CRI indicating that CRI intended to reduce existing indebtedness by \$8 million -- a fact that will significantly improve the final position of CRI.

Member Vickrey moved that the Board approve the agreement between Casino Rock Island and the City of Rock Island wherein the city rebates to the casino, taxes received as a result of the casino's gaming operations. Member Roberts seconded the motion. The motion was approved unanimously by voice vote.

Member Browder stated that his vote of aye is in large part due to the report that the Administrator made on this matter.

Susan Gouinlock, representing the Hollywood Casino Aurora, Inc., notified the Board of the acceptance of a capital contribution from the parent company, Hollywood Casino Corporation, in the amount of \$4 million.

Ms. Gouinlock also made preliminary notification of a refinancing plan, an underwritten public offering of senior secured notes due in 2003. The offering would be by Hollywood Casino Corporation. The majority of the funds (\$200 million offering) will be used to refinance Hollywood Casino Corp.'s existing debt.

Mike Ficaro, representing Southern Illinois Riverboat Casino, requested approval of additional gaming positions.

Member Roberts moved that the Board waive its two meeting rule to consider the increase of gaming positions. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

Member Roberts moved that the Board approve Southern Illinois Riverboat Casino's request to increase the number of gaming positions on the Players Riverboat Casino from 857 to 907, subject to the approval by the Administrator, and required changes to the Internal Control System or changes in surveillance deemed necessary by the Administrator. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Steven Perskie, representing Southern Illinois Riverboat Casino, requested initial consideration for the acquisition of a new riverboat or to run two boats simultaneously. He also notified the Board that the parent company's capital commitment to Player's Riverboat Casino, has increased from \$5-10 million to \$10-15 million.

Dennis Gallagher, representing Harrah's, notified the Board that the Harrah's Southern Star would be replaced with another riverboat vessel of comparable size and design.

The next order of business concerned Supplier's Licensure Items.

Member Pyatt moved that the Board approve IGT's application for renewal of its Supplier's License. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

Member Pyatt moved that the Board approve Paul-Son Gaming Supplies' application for renewal of its Supplier's License. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Occupational Licensure.

Member Pyatt moved that the Board adopt the staff recommendations and approve the applications for an Occupational License, Level 1, submitted by Jeffrey Bryson, Michael Montag and Cynthia Simms. Member Roberts seconded the motion. The motion was approved unanimously by voice vote.

Member Pyatt moved that the Board adopt the staff recommendations and approve 91 applications for an Occupational License, Level 2, and 257 applications for an Occupational License, Level 3, and deny 1 application for an Occupational License, Level 2, and 4 applications for an Occupational License, Level 3. Member Roberts seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Administrative Hearings.

Member Roberts moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and grant the application for an occupational license for Irene Uecker. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Roberts moved that the Board, having reviewed the administrative record, adopt the recommendation of the Administrative Law Judge and withdraw the Amended Disciplinary Complaint filed against Timothy Dean. The complaint sought to suspend Mr. Dean's license for ten days. However, Mr. Dean has relinquished his license to the Board and no longer is employed within the jurisdiction of the Board. Member Browder seconded the motion. The motion was approved by voice vote.

Member Roberts moved that the Board deny the requests for hearing submitted by the following individuals in that these requests failed to comply with Board Rule 3000.405.

Todd Vigneault
Michele Wilson

Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Roberts moved that the Board grant leave to Susan Welp to withdraw her request for a hearing. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Complaints and Disciplinary Actions.

Member Pyatt moved that the complaint for disciplinary action against William Quigley be issued and that Mr. Quigley's license be revoked. The complaint involves Mr. Quigley's admission to participating in criminal behavior. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Board Policy Items.

Administrator Belletire discussed draft rule 3000.236 -- Owner's License Renewal Process. The Board directed staff to submit the rule to the Secretary of State for publication. The Board also approved the use of draft rule 3000.236 as a guideline for the Alton Belle renewal process.

Peter Bensinger, representing Bensinger, DuPont & Associates, gave a status report on the progress of the Board's compulsive gambling initiative. The Bensinger firm assessed the training and capability of 270 service providers and determined 28 to be very qualified to treat compulsive gamblers, 178 to be somewhat qualified but very interested in training, 49 to be not interested in treatment or training. He stated that at each of the ten docksites, interviews of management and staff were conducted. The following items were discussed: an awareness campaign, signs and symptoms of a compulsive gambler, and where and how to access help. All riverboats expressed willingness to have a role in a statewide initiative to reduce compulsive gambling. Mr. Bensinger recommended that a statewide training program be initiated for all interested treatment providers and for riverboat upper level management.

The Board returned to a discussion of issues concerning Owner Licensees.

Ty Fahner, representing National Gaming Corporation ("NGC") appeared to request approval of the acquisition of Par-A-Dice Gaming Corporation ("PGC") by National Gaming Corporation ("NGC"), as well as approval of the financing arrangements, in connection with the acquisition, and of the Form 1's of the Key Persons of NGC and proposed new Key Persons of Par-A-Dice. Mr. Henry Silverman, Chairman of the Board, Mr. Robert Kingsley, President, Mr. James Buckman, General Counsel and Mr. Stephen Holmes, Chief Financial Officer were present. Mr. David Johnson of Merrill Lynch and Mr. Jerry McConnell of Bankers Trust, the company's Financial advisors were also present to answer any questions. Presentations were made by Mr. Fahner, Mr. McConnell and Mr. Johnson.

The Administrator stated the evaluations presented to staff were overly optimistic projections about the future growth of NGC and it would not be in the best interest for staff to recommend approval of this transaction at this time.

Chairman Johnson raised several questions regarding NGC's financial projections to service the debt that NGC will incur. He stated that the projections NGC made were contradicted by what Illinois is experiencing.

Member Pyatt questioned Mr. McConnell when he mentioned the only risk that Banker's Trust saw during their due diligence was a regulatory one. Mr. McConnell responded that many other risk factors were considered but that the possible excess of competition was the only substantial and significant risk.

Chairman Johnson expressed concern over possible legislative changes and the adverse impact they would have on NGC financially.

Henry Silverman stated that he believes the projections submitted were realistic or even conservative. He further stated that if the Board takes a position that financial leverage is not permitted because of concern about future competition, that the value of licensees in Illinois will be negatively impacted.

Member Pyatt moved that the Board adjourn to Closed Session to discuss issues concerning applicants and investigatory matters. Member Roberts seconded the motion. The motion was approved unanimously by voice vote and the Board adjourned at 2:24 p.m.

The Illinois Gaming Board reconvened in Open Session at 2:55 p.m.

The Board concluded that there were significant differences of opinion between NGC and the Board staff as to the financial variables of this transaction and how they could impact the financial viability of the license. The Board directed its staff to meet with

the NGC staff to see whether or not there could be reconciliation of these differences of evaluation and to report back at the next scheduled Board meeting.

There being no further business to come before the Board, Member Browder moved that the Board stand adjourned. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote and the Board adjourned at 2:57 p.m.

Respectfully Submitted,

Susan A. Offord
Secretary of the Board